

Summary of Performance and Financial Information



Fiscal Year 2013

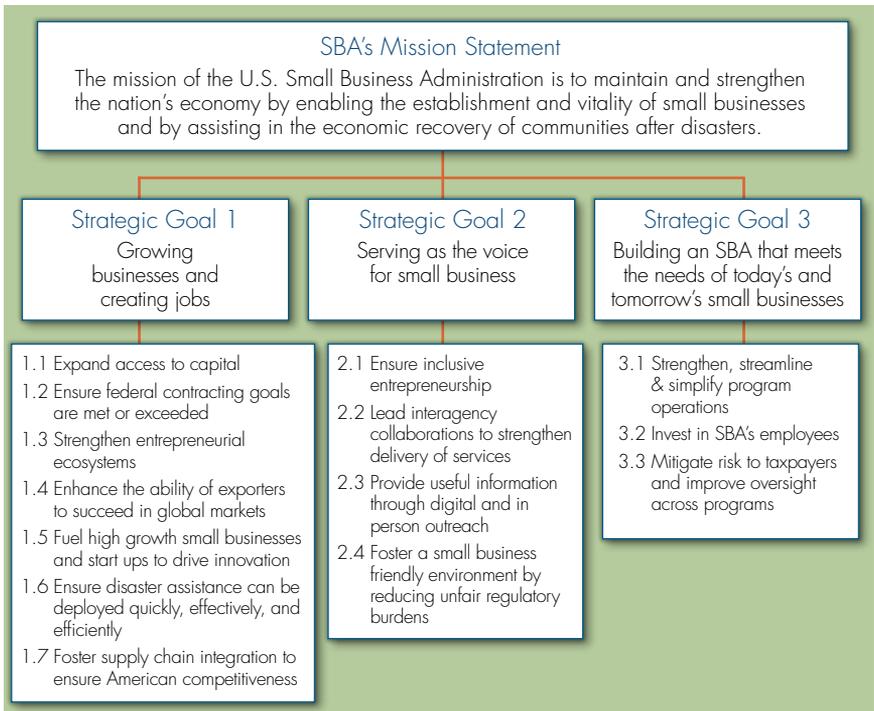


OVERVIEW

SBA's efforts to assist entrepreneurs and small business owners are critical as the U.S. economy continues to recover and grow. Throughout America's history, small businesses have played the leading role in job creation. More than half of working Americans own or work for a small business, and small businesses are responsible for two out of every three net new private sector jobs created over the past decade.

In FY 2013, the SBA supported more than \$29.6 billion in lending to America's small businesses through the Agency's 7(a) and 504 loan programs. Investment funds licensed as Small Business Investment Companies provided nearly \$3.3 billion in growth capital to small businesses, a 10 percent increase from FY 2012 and a 105 percent increase from FY 2010. Since January 2009, federal agencies awarded small businesses more than \$376.2 billion in federal contracts. This was a \$48.1 billion increase over the four prior years, even as the federal government reduced overall contract spending during those years. The SBA supported an entrepreneurial ecosystem that served over 1.2 million entrepreneurs and small businesses, and the SBA also continued its outreach to veterans through Boots to Business: From Service to Start-up, which coincided with SBA's launch of the Veteran Pledge Initiative, a commitment by top SBA lenders to collectively increase their lending activity to veterans by 5 percent per year for the next 5 years. In FY 2013, the SBA quickly responded to the devastating impacts of Superstorm Sandy and approved \$2.4 billion in low-interest disaster loans to over 46,000 homeowners, renters and businesses affected by disaster. For more detailed information, see the FY 2013 Agency Financial Report (AFR) and the FY 2015 Congressional Budget Justification and FY 2013 Annual Performance Report (CBJ/APR) at www.sba.gov/performance.

SBA's headquarters is located in Washington, D.C. and its business products and services are delivered with the help of field personnel and a vast network of private sector and nonprofit partners in each U.S. state and territory. On March 7, 2014, the SBA published its FY 2014-2018 Strategic Plan, which is presented below:



SBA BY THE NUMBERS

(Dollars in Millions)

		FY 2010	FY 2011	FY 2012	FY 2013
Total Portfolio ⁽¹⁾	Outstanding Principal Balance	\$ 93,340	\$ 99,204	\$ 102,631	\$ 106,776
Capital ⁽²⁾					
7(a) Loans	Dollars of Gross Loans Approved	\$ 12,407	\$ 19,638	\$ 15,153	\$ 17,868
504 Loans	Dollars of Gross Loans Approved	\$ 4,433	\$ 4,845	\$ 6,712	\$ 5,227
Microloans	Dollars of Gross Loans Approved to Microborrowers	\$ 47	\$ 47	\$ 45	\$ 53
Surety Bond	Number of Bid and Final Bonds Guaranteed	8,348	8,638	9,503	6,151
Contracting ^{(3) (4)}					
Prime Contracting	Dollars of Annual Federal Contracts to SBs	\$ 97,947	\$ 91,468	\$ 89,923	NA
	Percentage of Federal Contracts to SBs	22.66%	21.65%	22.25%	NA
HUBZone	Dollars of HUBZone Contracts	\$ 11,969	\$ 9,915	\$ 8,140	NA
8(a) Program	Dollars of 8(a) Contracts	\$ 18,466	\$ 16,678	\$ 15,837	NA
Counseling and Training ⁽⁵⁾					
SBDC	Number of Clients Trained	589,352	557,698	543,512	532,337
WBC	Number of Clients Trained	160,735	138,923	136,951	133,765
SCORE	Number of Clients Trained	407,240	356,837	458,773	345,902
Microloans	Number of Clients Trained	15,180	15,964	15,892	19,368
Disaster ^{(2) (6)}					
Disaster Assistance	Dollars of Gross Loans Approved	\$ 574	\$ 739	\$ 690	\$ 2,797
High-growth Small Businesses					
SBIC	Dollars of SBA Debenture Leverage Committed to SBICs	\$ 1,165	\$ 1,827	\$ 1,924	\$ 2,156
	Dollars of SBIC Debenture Capital to Small Businesses	\$ 1,587	\$ 2,589	\$ 2,950	\$ 3,256

(1) The total portfolio consists of guaranteed business loans outstanding, direct business loans, and direct disaster loans. The data include all performing loans and defaulted loans that have not been charged off, except for 504 Refi, 504 First Lien, Dealer Floor Plan, and ARC.

(2) There are three basic ways to present loan data: Gross Loans Approved (the total loans approved); Net Loans Approved (gross loans approved plus any loan increases minus any cancellations); and, Disbursed Loans (the amount that is actually given to the borrower). Gross Loans Approved is presented in the Capital and Disaster Assistance sections because it is the only loan data that remain constant over time.

(3) FY 2013 contracting numbers will continue to be collected and certified through the third quarter of FY 2014. Therefore, FY 2012 numbers are reported per OMB Circular A-11.

(4) The federal goal is to give small businesses at least 23 percent of all government-wide contract dollars. The SBA negotiates goals annually with each federal agency on an individual basis, however the SBA has no authority to enforce other federal agencies' contracting goals.

(5) For FY 2013, the SBA is reporting the more inclusive indicator "Number of Clients Couseled and Trained". In FY 2012, the SBA reported only the clients trained.

(6) The significant increase in disaster loan approvals represents all disaster loan approvals in FY 2013, including Superstorm Sandy which was the third largest SBA disaster.

KEY ACCOMPLISHMENTS

Third Highest Year in Lending: The SBA built on its record-breaking year, FY 2012, with the third highest year of approvals, supporting more than \$29.6 billion in lending to more than 47,000 small businesses. The 504 loan program had a high volume despite the expiration of the highly popular 504 Refi program at the end of FY 2012.

Agency Priority Goal: By September 30, 2013, increase the use of paperless processing in the 7(a) program from 72 percent to 90 percent and in the 504 program from 55 percent to 75 percent to improve the efficiency, effectiveness, and level of service in its business loan programs.

ACHIEVED
GOAL



Fourth Record Breaking Year in Growth Capital: FY 2013 reflected a fourth consecutive record breaking year for small business investment companies, a zero subsidy guaranty debenture program underpinned by a portfolio of public-private partnerships investing in small, and typically high growth, businesses in the U.S. About \$3.3 billion was invested in approximately 850 small companies, exceeding the FY 2012 record of \$3.0 billion.

Agency Priority Goal: From FY 2012 through September 30, 2013, commit at least \$4.3 billion of capital via the Small Business Investment Company program in order to facilitate access to capital for high growth companies and enhance job creation and retention by these companies. In FY 2013, the SBA licensed a record 31 SBIC funds and executed a record of more than \$2.1 billion in commitments to its funds in 2013. Over two years, the SBA committed \$4.1 billion in capital, falling slightly below the overall goal.

SUBSTANTIALLY
ACHIEVED
GOAL



Streamlined Disaster Assistance: In FY 2013, the Agency responded to SBA's third largest disaster, Superstorm Sandy. By implementing process improvements such as the streamlined electronic application, SBA was able to assist over 46,000 businesses, homeowners and renters through \$2.8 billion in disaster loans.

Agency Priority Goal: By September 30, 2013, increase the use of the Disaster Assistance electronic loan application (ELA) by 50 percent. The improvements to ELA resulted in a 55 percent usage contributing to loan approvals, surpassing the two-year goal by 41 percent.

ACHIEVED
GOAL



Expanding Contracting Opportunities for Small Business: The SBA continues to work with agencies across the government to expand small business contracting opportunities. From January 2009 through September 30, 2012, small businesses accessed more than \$376.2 billion dollars in federal contracts. In FY 2012, for the first time the federal government exceeded the set-aside goal of awarding 3 percent of all contracts to small businesses owned by service disabled veterans.

Agency Priority Goal: Maximize small business participation in federal government contracting to meet the statutory goals and ensure program benefits flow to the intended recipients. In FY 2012 small businesses received \$89.9 billion or 22.3 percent of federal government contracting. (The data supporting the FY 2013 indicators are not finalized until the 3rd or 4th quarter of FY 2014. Therefore, FY 2012 data is reported on as required by OMB Circular A-11.)

SUBSTANTIALLY
ACHIEVED
GOAL



SUMMARY OF KEY PROGRAMS

The following table presents key SBA FY 2013 performance data from *Strategic Goal 1 - Growing businesses and creating jobs*. Although the SBA has three Strategic Goals, 78 percent of all SBA program costs are in Strategic Goal 1. Therefore, only performance goal indicators for Strategic Goal 1 are presented here. Detailed performance information on all SBA programs are presented with variance explanations, in the "FY 2015 Congressional Budget Justification and FY 2013 Annual Performance Report." The full report is available at www.sba.gov/performance.

Strategic Objective 1.1 - Capital

Program	Performance Indicator	Type	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2013 Target	FY 2013 Variance
7(a) and 504	Lending Supported (\$ Billions) ⁽¹⁾	Output	\$17.8	\$22.4	\$30.5	\$30.3	\$29.6	\$22.4	32% G
7(a), 504, Microloan, and SBG	Jobs Supported (#) ⁽²⁾	Outcome	514,035	583,737	700,736	609,437	621,869	654,000	-5% Y

(1) Lending Supported includes gross approvals in the 7(a) loan program, gross approvals in the 504 loan program, and an estimate of third party loans that are made by commercial lenders as part of the 504 funding package

(2) Jobs Supported numbers are self-reported by the borrower and appear in the SBA loan application form. A filter was applied to reduce outliers and jobs associated with cancelled loans.

Strategic Objective 1.2 - Contracting

Program	Performance Indicator	Type	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance
Prime Contracting	Total Federal Contract Dollars Awarded to Small Businesses (%) ⁽³⁾	Outcome	21.9%	22.7%	21.7%	22.3%	23.0%	-3% Y

(3) The data supporting FY 2013 contracting numbers are not finalized until the 3rd or 4th quarter of FY 2014. Therefore, FY 2012 data is reported as required per OMB Circular A-11.

Strategic Objective 1.3 - Counseling and Training

Program	Performance Indicator	Type	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2013 Target	FY 2013 Variance
SBDC, WBC, and SCORE	Training Clients (#)	Output	683,355	752,588	689,114	739,616	663,525	695,000	-5% Y
	Counseling Clients (#)	Output	436,425	404,739	364,344	399,620	348,519	N/T*	N/A

N/T - Not Targeted - While the SBA has been collecting data on clients trained and counseled, this indicator was just introduced as a performance goal in FY 2013. As a result, no targets existed for this performance goal in FY 2013. Prior year results are presented to provide the historical perspective for this indicator.

Strategic Objective 1.4 - International Trade

Program	Performance Indicator	Type	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2013 Target	FY 2013 Variance
Int'l Trade	Small Business Exporters Assisted by USG Finance Programs (#)	Output	1,393	1,326	1,346	1,283	1,388	1,349	3% G

Strategic Objective 1.5 - Investment and Innovation

Program	Performance Indicator	Type	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2013 Target	FY 2013 Variance
SBIC	SBA Debenture Leverage Committed to SBICs (\$ Millions)	Output	\$788	\$1,165	\$1,827	\$1,924	\$2,156	\$2,400	-10% Y

Strategic Objective 1.6 - Disaster Assistance

Program	Performance Indicator	Type	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2013 Target	FY 2013 Variance
Disaster	Customer Satisfaction Rate for Approvals (%)	Outcome	72%	74%	80%	80%	81%	71%	14% G



The Actual result meets or exceeds the target.



The Actual result is 10% or less of the target.



The Actual result is less than 90% of target.

SUMMARY OF MANAGEMENT CHALLENGES

The OIG submitted to the SBA its Report No. 14-01 entitled: "Report on the Most Serious Management and Performance Challenges Facing the Small Business Administration in Fiscal Year 2014" dated October 31, 2013. The report represents the OIG's current assessment of Agency programs or activities posing as significant risks, including those that are particularly vulnerable to fraud, waste, error, mismanagement, or inefficiencies. A summary of the contents of the report follows:

- Challenge 1.** Procurement flaws allow large firms to obtain small business awards and agencies to count contracts performed by large firms towards their small business goals
- Challenge 2.** Weaknesses in information systems security controls pose significant risks to the Agency
- Challenge 3.** Effective human capital strategies are needed to enable the SBA to carry out its mission successfully and become a high-performing organization
- Challenge 4.** The SBA needs to implement a quality control program in its loan centers
- Challenge 5.** The SBA needs to further strengthen its oversight of lending participants
- Challenge 6.** The Section 8(a) Business Development program needs to be modified so more firms receive business development assistance, standards for determining economic disadvantage are justifiable, and the SBA ensures that firms follow 8(a) regulations when completing contracts
- Challenge 7.** Effective tracking and enforcement would reduce financial losses from loan agent fraud
- Challenge 8.** The SBA needs to modernize its Loan Accounting System and migrate it off the mainframe
- Challenge 9.** The SBA needs to accurately report, significantly reduce, and strengthen efforts to recover, improper payments in the 7(a) loan program
- Challenge 10.** The SBA needs to significantly reduce improper payments in the Disaster Loan program
- Challenge 11.** The SBA needs to effectively manage the Acquisition Program

To read the full report, go to: <http://www.sba.gov/office-of-inspector-general/875/756322>.

NATIONAL SMALL BUSINESS PERSON OF THE YEAR



As a young boy, John L. Stonecipher grew up in Pasadena, Calif. His future was forged as he watched police helicopters fly overhead. By 18, he was certified to fly. By 19, with an instructor's certificate in hand, he was teaching others the intricacies of helicopter flight.

Stonecipher was named 2013 National Small Business Person of the Year during SBA's celebration of National Small Business Week. He is a long-term client of the SBA SBDC at Yavapai College in Prescott.

Stonecipher is President and CEO of Guidance Aviation in Prescott, Ariz. He founded Guidance Aviation in 1998 and the company took residence at Prescott's Municipal Airport. From there, Stonecipher's dream of creating a first rate, high altitude flight school literally took off. The company's progression is a testament to success. Characterized by innovation and growth, the school soon won Federal Aviation Administration (FAA) approvals, created alliances with the Yavapai Sheriff's Office, won approval from the U.S. Department of Veterans Affairs to train veterans, and received accreditation with Embry-Riddle University. Yavapai College has partnered with Guidance Aviation and offers an Associate of Applied Science Professional Helicopter Pilot Degree Program.

Today Guidance Aviation has a staff of 55, fourteen aircraft and a waiting list of students ready to take flight into their futures.

FINANCIAL HIGHLIGHTS

(Dollars in Thousands)

	FY 2012	FY 2013	% Change
Loan Portfolio⁽¹⁾	\$ 102,630,652	\$ 106,775,561	4%
Total Assets	\$ 14,014,855	\$ 13,846,170	-1%
Total Liabilities	\$ 13,640,581	\$ 12,462,316	-9%
Total Net Position	\$ 374,274	\$ 1,383,854	270%
Total Net Cost of Operations	\$ 1,274,805	\$ 524,086	-59%
Total Budgetary Resources	\$ 14,400,162	\$ 14,459,594	0.4%

⁽¹⁾ The total portfolio consists of guaranteed business loans outstanding, direct business loans, and direct disaster loans. The data include all performing loans and defaulted loans that have not been charged off.

BUDGETARY HIGHLIGHTS

The following programs represent more than seventy-seven percent of SBA's total budgetary resources for FY 2013.

(Dollars in Thousands)

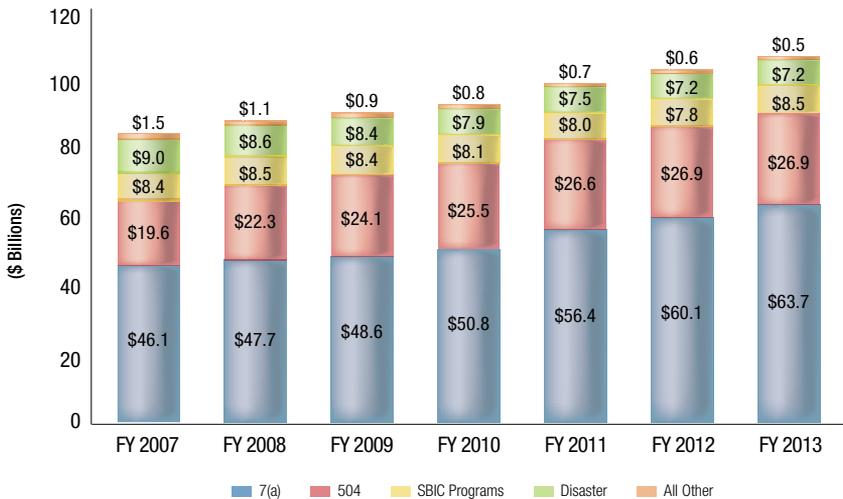
	FY 2012	FY 2013	% Change
Disaster Assistance	\$ 253,629	\$ 337,144	33%
SBDCs	\$ 126,473	\$ 113,484	-10%
7(a) Loans	\$ 93,640	\$ 75,390	-19%
8(a) Program	\$ 60,855	\$ 51,649	-15%
504 Loans	\$ 39,612	\$ 40,474	2%
Microloans	\$ 29,971	\$ 23,865	-20%
Prime Contracting	\$ 23,298	\$ 20,199	-13%

STAFFING SNAPSHOT ⁽²⁾

	FY 2012	FY 2013	% Change
Regular Employees	2,089	2,148	
Disaster Employees	1,145	1,628	
Total Employees	3,234	3,776	17%

⁽²⁾ Excludes the Office of Advocacy and the Office of the Inspector General.

SBA'S OUTSTANDING LOAN PORTFOLIO ⁽³⁾



⁽³⁾ The portfolio balance does not include 504 Refi, 504 First Lien, Dealer Floor Plan, and ARC.

USEFUL SITES AND NUMBERS

The SBA home page is www.sba.gov. Information on SBA programs may be accessed from this site. Several of the more frequently visited sites are listed here:

SBA INFORMATION	
About SBA	www.sba.gov/about-sba
SBA Strategic Plan	www.sba.gov/AgencyStrategicPlan
SBA Performance, Budget & Planning	www.sba.gov/performance
SBA Program Inventory	www.sba.gov/performance/program

STARTING and MANAGING A BUSINESS	
What is a Small Business?	www.sba.gov/content/am-i-small-business-concern
Thinking about starting a business?	www.sba.gov/thinking-about-starting
Local Assistance Resources	www.sba.gov/local-assistance
Lender Resources	www.sba.gov/lender_resources
Financing Growth	www.sba.gov/content/financing-growth
Explore Exporting	www.sba.gov/exporting
Health Care	www.sba.gov/healthcare

LOANS and GRANTS	
Small Business Loans	www.sba.gov/financialassistance
Bonds	www.sba.gov/content/surety-bonds-explained www.sba.gov/content/tax-exempt-bonds
Grants	www.sba.gov/content/facts-about-government-grants

CONTRACTING	
Government Contracting	www.sba.gov/contracting
Contracting Opportunities	www.sba.gov/contracting-opportunities
Register as a Contractor	www.sam.gov
Size Standards	www.sba.gov/size

COUNSELING and TRAINING	
Online Training	www.sba.gov/training
SBDCs	www.sba.gov/sbdc
Women's Business Centers	www.sba.gov/content/womens-business-centers
SCORE Counselors	www.sba.gov/score
Veterans Outreach	www.sba.gov/content/veterans-business-outreach-centers

ADDITIONAL RESOURCES	
Office of Advocacy	www.sba.gov/advocacy
Office of the National Ombudsman	www.sba.gov/ombudsman
Office of the Inspector General	www.sba.gov/oig

SBA National Answer Desk (Toll Free) (800) 827-5722

Disaster Customer Service Center (Toll Free) (800) 659-2955